

## Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 DODE-00 PM-03 H-01 L-02 PA-01 PRS-01 USIA-06

AGR-05 FEA-01 /090 R

DRAFTED BY ARA/APU:RCFELDER:ARA/ECP:MDAVILA:JC

APPROVED BY ARA/APU:FVORTIZ

ARA/ECP:WKNEPPER

EB/GCP:MGOLDMAN

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P 272314Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES PRIORITY

C O N F I D E N T I A L STATE 019074

E.O. 11652: GDS

TAGS: ETRD, AR

SUBJECT: U.S. TRADE ACT

REF: B.A. 0551

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1. DEPARTMENT SHARES EMBASSY'S DISQUIET WITH RESPECT TO  
COVERAGE OF TRADE ACT IN ARGENTINE MEDIA WHICH APPEARS  
DISTORT PURPOSES OF THE ACT AND IGNORE ITS POSITIVE  
ASPECTS. IN SERIES OF CIRCULAR CABLES WE HAVE ATTEMPTED  
PROVIDE BASIC GUIDANCE TO PERMIT EMBASSY RESPONSE TO  
GENERAL QUESTIONS CONCERNING THE ACT. (STATE 282968,  
279785, 14372, 12888, 11390, 8935, 8923, 5883). POST  
SHOULD CONTINUE TO EMPHASIZE THRUST OF U.S. MEMO TO L.A.  
AMBASSADORS (STATE 8923), I.E., THAT ADVANTAGES OFFERED  
TO LDC'S BY THE AUTHORITY IN THE ACT FOR THE UNITED STATES  
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TO ENTER INTO THE MULTILATERAL TRADE NEGOTIATIONS FAR

OUTWEIGH THOSE OF GSP IN THE LONG RUN.

2. IT IS DIFFICULT, HOWEVER, TO ASSESS ACCURATELY AT THIS TIME HOW ARGENTINA WILL BE AFFECTED BY THE PROVISIONS OF TITLE V. PRELIMINARY REVIEW OF 1973 IMPORT STATISTICS SHOW THAT U.S. IMPORTED 271.1 MILLION DOLLARS FROM ARGENTINA. OF THIS, 52.1 MILLION DOLLARS WAS DUTY FREE, AND 219.0 MILLION DOLLARS WAS DUTIABLE. IF GSP HAD BEEN

IN OPERATION IN 1973, WE ESTIMATE THAT APPROXIMATELY 24 OR 52 MILLION DOLLARS OF DUTIABLE IMPORTS FROM ARGENTINA WOULD HAVE ENTERED DUTY FREE. (THIS ESTIMATE IS BASED ON PROPOSED GSP PRODUCT LIST WHICH HAS TO UNDERGO SUBSTANTIAL SCRUTINY BEFORE RECEIVING FINAL PRESIDENTIAL APPROVAL SOME TIME IN LATTER HALF OF 1975.)

3. DEPARTMENT'S INFORMAL ANALYSIS OF ARGENTINA'S LEADING EXPORTS SHOWS THAT BECAUSE OF COMPETITIVE NEED FORMULA, THREE PRODUCTS IMPORTED FROM ARGENTINA (TSUS 107.50, 121.57 AND 107.60--TWO MEAT ITEMS AND ONE LEATHER ITEM) WOULD NOT BE ELIGIBLE FOR GSP EVEN IF ITEMS INCLUDED ON U.S. GSP LIST BECAUSE IMPORTS OF EACH OF THESE ITEMS TOTALLED MORE THAN 25 MILLION DOLLARS. IMPORTS OF THESE THREE ITEMS TOTALLED 96.7 MILLION DOLLARS. IN ADDITION, APPROXIMATELY 46 MILLION DOLLARS IN IMPORTS OF STEEL, TEXTILES AND FOOTWEAR ARE SPECIFICALLY EXCLUDED FROM GSP BY TRADE ACT. THE REMAINING BROAD SPECTRUM OF MANUFACTURED AND SEMI-MANUFACTURED PRODUCTS WILL GENERALLY BE ELIGIBLE FOR GSP TREATMENT AND THUS GSP WILL PROVIDE A POSITIVE EXPORT INDUCEMENT TO NON-TRADITIONAL EXPORT SECTORS OF ARGENTINE INDUSTRY. THIS FACTOR SHOULD BE STRESSED AS IT CONSTITUTES THE DYNAMIC ELEMENT OF GSP AND ITS UNDERLYING RATIONALE, I.E., GSP PROVIDES LDCS INCREASED OPPORTUNITY TO PARTICIPATE MORE FULLY IN THE RAPID EXPANSION OF WORLD TRADE IN MANUFACTURES WHICH HAS BEEN GROWING MUCH FASTER THAN TRADE IN AGRICULTURAL AND PRIMARY PRODUCTS; NOT ONLY WILL GSP ASSIST EXPANSION OF LDC TRADE AND FOREIGN EXCHANGES EARNINGS, IT WILL ALSO STIMULATE INDUSTRIALIZATION, ENCOURAGE ECONOMIC DIVERSIFICATION AND THEREBY ASSIST ECONOMIC

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DEVELOPMENT.

4. NOTWITHSTANDING THE ORIGINAL EMPHASIS OF GSP ON MANUFACTURES AND SEMI-MANUFACTURES, THE CONCEPT HAS BEEN ENLARGED TO INCLUDE SELECTED AGRICULTURAL AND PRIMARY PRODUCTS. IN THIS REGARD, WE EXPECT THAT THE PRODUCT LIST TO BE SENT TO THE INTERNATIONAL TRADE COMMISSION WILL BE SIGNIFICANTLY LARGER THAN THE 1970 ILLUSTRATIVE

PRODUCT LIST THAT WAS SUBMITTED TO THE OECD AND UNCTAD.  
WE HOPE THE LIMITED INFORMATION PROVIDED ABOVE WILL BE  
USEFUL TO THE EMBASSY.

5. WE ARE NOT CONVINCED THAT THIS IS PROPITIOUS MOMENT  
TO HAVE TEAM OF EXPERTS ATTEMPT TO SET ACT INTO  
PERSPECTIVE FOR ARGENTINE PUBLIC OPINION. WITH RESPECT  
TO ACTION WHICH MIGHT BE UNDERTAKEN LOCALLY, WE SUGGEST  
THAT A CONTROLLED INTERVIEW WITH AN ARGENTINE ECONOMIC

JOURNAL MIGHT BE USEFUL. A PRESS CONFERENCE, IN OUR  
VIEW, WOULD PROBABLY BE UNWISE AS IT WOULD GENERATE  
QUESTIONS WHICH EITHER CANNOT BE ANSWERED CLEARLY OR  
SATISFACTORILY AT THIS TIME.

6. WITH RESPECT TO SUMMARY REFERRED TO PARAS 2 AND 3  
REFTEL, DEPARTMENT DOES NOT INTEND TO TRANSLATE. POST  
MAY, HOWEVER, WISH TO REVIEW CONTENTS OF SUMMARY AND  
SELECT THOSE PORTIONS WHICH IT JUDGES MOST APPROPRIATE  
FOR LOCAL DISSEMINATION.

7. DEPARTMENT POUCHING UNOFFICIAL SPANISH TRANSLATION  
OF TRADE ACT. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE LAW, POLICIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750030-0430  
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**Subject:** U.S. TRADE ACT  
**TAGS:** ETRD, PFOR, AR, US  
**To:** BUENOS AIRES  
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